

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 EB-08 FRB-01
INR-10 NSAE-00 ICA-20 XMB-04 OPIC-06 SP-02 LAB-04
SIL-01 OMB-01 /085 W
-----071339 190919Z /15

R 181203Z JUL 78
FM AMEMBASSY TUNIS
TO SECSTATE WASHDC 1863
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
USDOC WASHDC
DEPT OF TREASURY WASHDC

UNCLAS TUNIS 5099

DEPT PASS AID, EXIMBANK AND OPIC

E.O.11652: NA
TAGS: EFIN TS
SUBJ: TUNISIA SIGNS LOAN CONVENTION FOR \$150 MISSION

REF: TUNIS 4162, AND TUNIS 4916

1. FINANCE MINISTER ABDELAZIZ METHARI, SENIOR VICE
PRESIDENT YVES LAMARCHE OF BANK OF AMERICA (LEAD MANA-
GER), AND REPRESENTATIVES OF MOST OF OTHER 25 PARTI-
CIPATING COMMERCIAL BANKS SIGNED DOCUMENTS FOR \$150
MILLION LOAN IN TUNIS JULY 14 IN PRESENCE OF CENTRAL
BANK GOVERNOR GHENIMA AND OTHER FINACIAL OFFICIALS.

2. DEAL FOR DEVELOPMENT-RELATED LOAN IS NOW COMPLETE
AND REMAINING LOCAL FORMALITIES, INCLUDING NATIONAL
ASSEMBLY RATIFICATION, ARE EXPECTED TO BE CONCLUDED IN
TIME FOR GOT DRAW DOWN AROUND END OF AUGUST.

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3. APART FROM BANK OF AMERICA (CHISH UNDERSTOOD TO HAVE
TAKEN \$20 MILLION SHARE FOR ITSELF), FOUR OTHER LOAN
MANAGERS (AT \$10 MILLION EACH) WERE: CITIBANK, BANQUE
NATIONALE DE PARIS, COMMERZBANK (WEST GERMANY), AND
NATIONAL COMMERCIAL BANK (SAUDI ARABIA).

4. TWELVE CO-MANAGERS WERE: ARAB-AFRICAN INTERNA-

TIONAL BANK, BANK OF TOKYO, BANQUE BELGE, BANQU DE LA SOCIETE FINANCIERE RUROPEENNE, BARXLAY'S BANK, CANADIAN IMPERIAL BANK OF COMMERCE, CREDIT LYONNAIS, D.G. BANK DEUTSCHE, GENOSSENSCHAFT'S BANK, FIRST CHICAGO LTD., NATIONAL WESTMINSTER BANK, PROVINCIAL BANK OF CANADA, AND UNION TUNISIENNE DE BANQUES (PARIS-BASED JOINT VENTUE OF TUNISIAN COMMERCIAL BANKS).

5. OTHER PARTICIPATING BANKS(AT ABOUT \$2 MILLION EACH) WERE: FUJIBANK, MELLON BANK, SAUDI INTERNATIONAL BANK, BANQE EUROPEENNE DE TOKYO, FUFU BANK SCHWEITZ, INTERNATIONALE GENOSSENSCHAFTS BANK, BANQE BRUZELLES LAMBERT, BANQU COMMERCIALE POUR L'EUROPE DU NORD, AND GULF RIYADH BANK E.C.

6. AT SINGING CEREMONY, FINANCE MINISTER METHARI EXPRESSED PLEASURE AT RENEWED EXPRESSION OF CONFIDENCE IN TUNISIA SHOWNBY THE INTERNATIONAL FINANCIAL MARKET. PROCEEDS OF THIS LOAN, HE SAID, WOULD GO TO IMMEDIATELY PRODUCTIVE INVESTMENTS. HOWEVER, HE ADDED , TUNISIA'S ECONOMIC SUCCESS AND EJTTYOTTOM#MAKE ITSELF ELIGIBLE FOR SUCH CREDITS SHOULD NOT PENALIZE IT BY LIMITING ITS ACCESS TO FOREIGN AID. TUNISIA, HE SAID, STILL HAS MAJOR NEEDS FOR INVESTMENTS OF DEFERRED PRODUCTIVITY --PARTICULARLY IN BASIC INFRASTRUCTURE, WHICH MUST BE FINANCED ON FAVORABLE TERMS. HE HOPED DONOR COUNTRIES UNCLASSIFIED

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COULD TAKE THIS INTO ACCOUNT IN THEIR POLICIES OF ECONOMIC COOPERATION WITH TUNISIA.

7. IN HIS REMARKS FOR LENDING GROUP, BANK OF AMERICA'S LAMARCHE NOTED CONTINUING EXCELLENT RECEPTIVITY OF MARKET TO TUNISIAN BORROWING (BANK OF AMERICA CO-SYNDICATED \$125 MILLION LOAN OF LAST NOVEMBER). THIS WAS EVIDENCED BY QUALITY OF THE LENDING INSTITUTIONS--MOST OF WHICH HAD ALSO PARTICIATED IN LAST YEAR'S LOAN. LAMARCHE ADDED THAT TUNISIA'S NEED FOR ADDITIONAL FOREIGN EXCHANGE WAS NORMAL FOR ECONOMY UNDERGOING DEVELOPMENT AND EXPANSION.

8. COMMENT: TUNISIA'S SECOND MAJOR COMMERCIAL BORROWING FOR PURPOSES OF FIFTH DEVELOPMENT PLAN IS LARGER AND AT LOWER INTEREST RATE THAN THAT OF LAST YEAR. (INTEREST RATE IS 7/8 PERCENT OVER LIBOR AS COMPARED WITH 1 AND 1/8 PERCENT OVER LIBOR ON EARLIER LOAN. SEE TUNIS 4162 FOR DETAILS.) WIDE AND PROMPT RESPONSE TO LATEST LOAN OFFERING FACILITATED RAISING TOTAL FROM ORIGINAL TARGET OF \$100 MILLION TO \$150 MILLION. IMPLICIT ENDORSEMENT OF KEY BANKS IN USA, CANADA, UK,

CONTINENTAL EUROPE, JAPAN AND MIDDLE EAST SHOULD FURTHER
BUILD TUNISIA'S IMAGE AS CREDIT-WORTHY BORROWER, ALSO
FACILITATING SUPPLIER CREDITS.

9. FOR STATE/EB/OMA: EMBASSY UNDERSTANDS BANK OF
AMERICA INTENDS TO OPEN ITS TUNIS REPRESENTATIVE OFFICE
AND OFFSHORE BRANCH IN EARLY FALL. WE WOULD APPRECIATE
CONFIRMATION THAT IT NOW HAS FEDERAL RESERVE BOARD
APPROVAL FOR LATTER. MULCAHY

NOTE BY OC/T: TUNIS 5099(#)AS RECEIVED.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LOAN AGREEMENTS, BANKS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TUNIS05099
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780296-0083
Format: TEL
From: TUNIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780745/aaaabmeg.tel
Line Count: 126
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 39c64271-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 TUNIS 4162, 78 TUNIS 4916
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1963637
Secure: OPEN
Status: NATIVE
Subject: TUNISIA SIGNS LOAN CONVENTION FOR \$150 MISSION
TAGS: EFIN, TS, US
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/39c64271-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014